

Message Text

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PAGE 01 STATE 101235
ORIGIN EUR-12

INFO OCT-01 ISO-00 NSC-05 COME-00 AGRE-00 TRSE-00
XMB-02 /020 R

DRAFTED BY EUR/EE:SFROMOWITZ:JF
APPROVED BY EUR - WHLUERS
EUR/EE:NGANDREWS
NSC:RKING (PHONE)
COMMERCE/BEWT:JBURGESS
AGRICULTURE:DHATHAWAY
TREASURY/OEWEP:MSEARING
DESIRED DISTRIBUTION
TREASURY, COMMERCE, EXIM, AGRICULTURE
-----092588 200347Z /66

P 200226Z APR 78
FM SECSTATE WASHDC
TO AMEMBASSY BUCHAREST PRIORITY

C O N F I D E N T I A L STATE 101235

E.O. 11652: GDS

TAGS: EGEN, ETRD, EFIN, RO

SUBJECT: CEAUSESCU VISIT: SUMMARY OF ECONOMIC ISSUES

1. EMBASSY WILL BE RECEIVING CABLED REPORTS AND POUCHED MEMCONS ON THE VARIOUS OFFICIAL MEETINGS WHICH WERE HELD IN CONNECTION WITH CEAUSESCU'S STATE VISIT TO WASHINGTON, APRIL 11-13. THIS CABLE SUMMARIZES THE ECONOMIC ISSUES WHICH WERE DEALT WITH IN CEAUSESCU'S MEETINGS WITH THE PRESIDENT AND THE THREE CABINET OFFICIALS AND IN THE SECRETARY'S MEETING WITH ANDREI AND PUNGAN AND SPELLS OUT THE FOLLOW-UP COMMITMENTS MADE BY EACH SIDE. REPORTS ON MINISTER AVRAM'S MEETINGS WITH EXIM CHAIRMAN MOORE AND AT COMMERCE WITH HARMAN, MARCUSS AND STROH WILL BE PROVIDED IN CONFIDENTIAL

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NEAR FUTURE.

2. EXPORT CONTROLS. THIS ISSUE WAS RAISED BY PUNGAN (IN MEETING WITH THE SECRETARY) AND BY CEAUSESCU IN HIS MEETING WITH HARMAN AND THE PRESIDENT. HARMAN STRESSED THAT COMMERCE IS BEING AS FORTHCOMING AS POSSIBLE IN THIS AREA WITH ROMANIA. AS A FOLLOW-UP TO CEAUSESCU'S BRIEF MENTION TO THE

PRESIDENT OF EXPORT LICENSE DIFFICULTIES AND THE PRESIDENT'S STATEMENT THAT HE WOULD WRITE CEAUSESCU ON THIS SUBJECT, COMMERCE AND STATE ARE WORKING WITH THE NSC TO DETERMINE WHAT ACTIONS (IF ANY) CAN AND SHOULD BE TAKEN REGARDING THE

PROBLEM AND WHAT RESPONSE WE CAN GIVE TO CEAUSESCU.

3. CREDITS. CEAUSESCU ASKED SECRETARY BLUMENTHAL IF TREASURY COULD DEVELOP A FINANCIAL POLICY WHICH WOULD FAVOR US-ROMANIAN JOINT VENTURES AND SAID ROMANIA WAS INTERESTED IN CREDITS ON TERMS EQUIVALENT TO THOSE PROVIDED TO DEVELOPING COUNTRIES. BLUMENTHAL COUNTERED THAT PREFERENTIAL CREDITS WERE ONLY MADE AVAILABLE TO THE LEAST DEVELOPED COUNTRIES AND MADE IT CLEAR THAT ROMANIA DID NOT FIT IN THIS CATEGORY. SECRETARY MADE SIMILAR POINT WITH ANDREI AND PUNGAN AND URGED GREATER USE OF EXISTING EXIM AND CCC FACILITIES, BUT PROMISED "TO LOOK INTO IT" WHEN PUNGAN URGED THAT US ANALYZE ROMANIAN REQUEST FOR CREDITS "ON MORE FAVORABLE TERMS" IN THE CONTEXT OF OUR EXPANDING RELATIONS. IN MEETING WITH CEAUSESCU, SECRETARY BERGLAND PROMISED TO DISCUSS POSSIBILITIES FOR EXPANSION OF CCC CREDIT FACILITY WHEN HE VISITS ROMANIA IN MAY.

4. MFN. IMPORTANCE OF LONGER-TERM MFN TO IMPROVED US-ROMANIAN COMMERCIAL TIES WAS STRESSED BY CEAUSESCU IN HIS MEETING WITH HARMAN. HARMAN AND DEPUTY ASSISTANT SECRETARY

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MARCUSS EXPLAINED THAT WE COULD NOT OFFER ANY ENCOURAGEMENT THAT CURRENT WAIVER PROCEDURES COULD BE CHANGED. THE SECRETARY AND COUNSELOR NIMETZ ELABORATED ON THIS POINT WITH ANDREI AND PUNGAN, WITH SECRETARY NOTING THAT IT MIGHT HOWEVER BE POSSIBLE TO FIND A SOLUTION IN THE NEAR FUTURE, ESPECIALLY IF EMIGRATION INCREASES AND NIMETZ SUGGESTING THAT REQUIREMENT FOR ANNUAL HEARINGS MIGHT BE MODIFIED IF CONGRESS BELIEVED OVERALL EMIGRATION PICTURE HAD IMPROVED.

5. FISHERIES. THE SECRETARY EMPHASIZED THAT THERE WAS NO POLITICAL MOTIVATION BEHIND ELIMINATION OF ROMANIA'S MACKEREL AND HERRING FISHERIES, BUT PUNGAN SAID ABSENCE OF ANY ALLOCATION WAS A MATTER OF PRINCIPLE AND ASKED THE SECRETARY TO LOOK INTO IT. SECRETARY SAID WE WOULD GIVE HIM AN ANSWER.

6. PROPERTY CLAIMS. THE SECRETARY AND NIMETZ RAISED WITH ANDREI AND PUNGAN THE IMPORTANCE OF RESOLVING PROPERTY CLAIMS CASES BEFORE THE CONGRESSIONAL HEARINGS ON MFN. PUNGAN REFERRED TO PROBLEM OF DECREE 223 AND ROMANIAN CONCERN OVER ANY ACTION ON THEIR PART WHICH "CREATES SUSPICION IN MINDS OF OTHER PARTNERS". THE SECRETARY ASKED FOR

AN EARLY REPLY ON THIS ISSUE. (ACTING BEWT DIRECTOR STROH ALSO RAISED PROPERTY CLAIMS WITH MINISTER AVRAM AT APRIL 11 MEETING AT COMMERCE.)

7. COOPERATION IN AGRICULTURE. CEAUSESCU RAISED THE PROSPECT OF US-ROMANIAN COOPERATION IN AGRICULTURAL PRODUCTION

WITH SECRETARY BERGLAND. BERGLAND EXPRESSED INTEREST IN FOLLOWING UP ON THIS PROPOSAL DURING HIS VISIT IN MAY, AND ASSISTANT SECRETARY HATHAWAY SUGGESTED THAT THIS TOPIC BE DISCUSSED FIRST IN APRIL 24-25 WORKING GROUP MEETING IN WASHINGTON. CHRISTOPHER

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: CHIEF OF STATE VISITS, ECONOMIC REPORTS, INTERGOVERNMENTAL COOPERATION
Control Number: n/a
Copy: SINGLE
Draft Date: 20 apr 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 20 Mar 2014
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978STATE101235
Document Source: CORE
Document Unique ID: 00
Drafter: SFROMOWITZ:JF
Enclosure: n/a
Executive Order: GS
Errors: N/A
Expiration:
Film Number: D780168-0714
Format: TEL
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t19780433/aaaabbwu.tel
Line Count: 127
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 225079aa-c288-dd11-92da-001cc4696bcc
Office: ORIGIN EUR
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: n/a
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 26 apr 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 2898739
Secure: OPEN
Status: NATIVE
Subject: CEAUSESCU VISIT: SUMMARY OF ECONOMIC ISSUES
TAGS: EGEN, ETRD, EFIN, OVIP, RO, (CEAUSESCU, NICOLAE)
To: BUCHAREST
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/225079aa-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014